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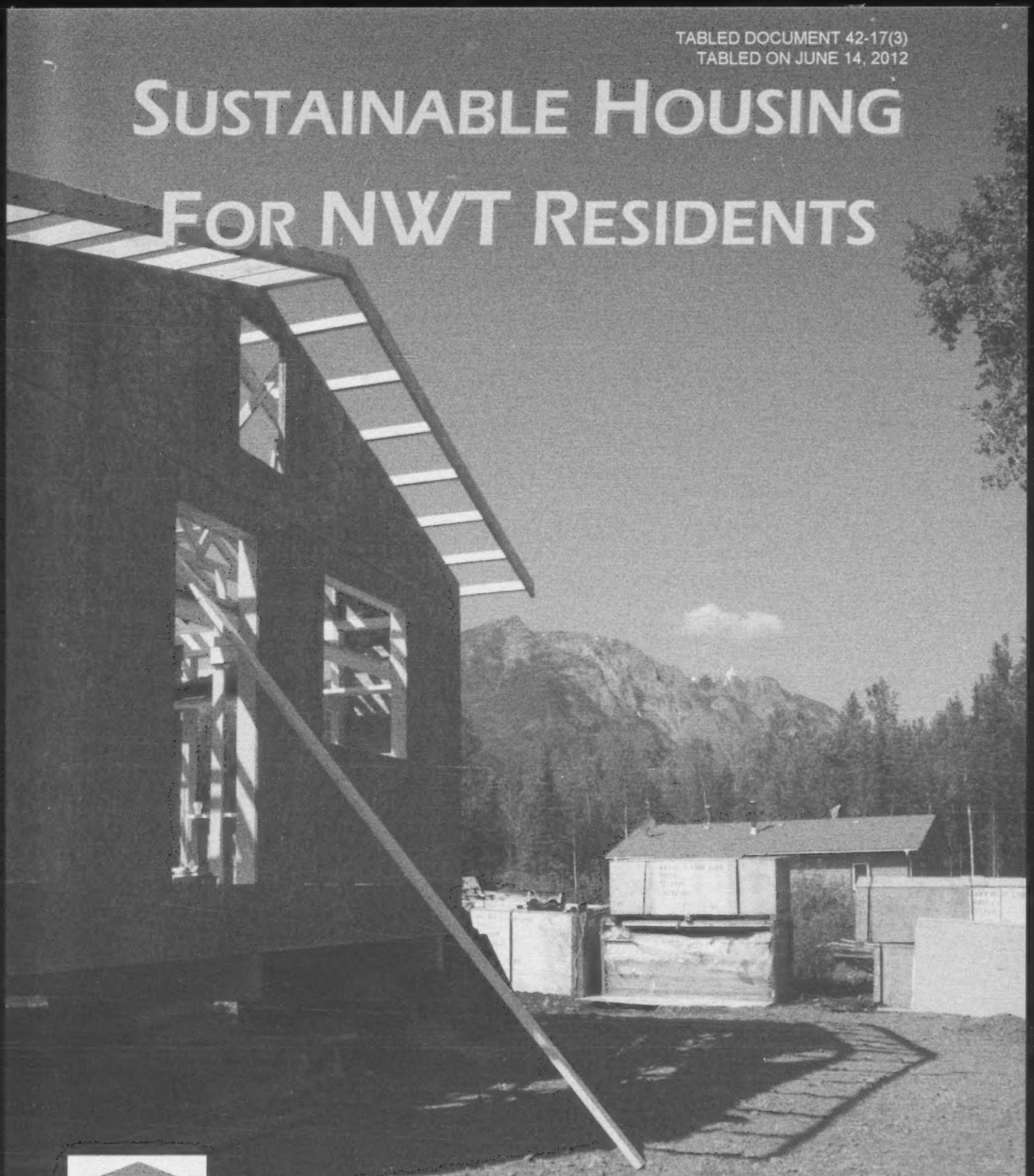
SUSTAINABLE HOUSING FOR NWT RESIDENTS



NORTHWEST TERRITORIES HOUSING CORPORATION

NORTHWEST TERRITORIES HOUSING CORPORATION
2010-2011 ANNUAL REPORT

MESSAGE FROM THE MINISTER

The Honourable Robert C. McLeod, Minister Responsible for the Northwest Territories Housing Corporation

As Minister Responsible for the Northwest Territories Housing Corporation (NWTHC), it is my pleasure to present the NWTHC 2010-2011 Annual Report.

One of the highlights to report on this year is the undertaking of the Government of the Northwest Territories (GNWT) Shelter Policy Review. This Review is being led by the NWTHC and GNWT's Department of the Executive. The Review will aid in creating a consistent policy framework around the principles and interconnectivity of housing activities that support the goals of the GNWT. The Shelter Policy Review will result in a strategic framework that is envisioned to serve as a "way-forward" document to outline a long-term vision for housing in the Northwest Territories. Areas that it will address include the approach to delivering housing programs across the spectrum of need, consistency in the policy approach between programs, solutions to housing infrastructure challenges, and an approach to addressing declining Canada Mortgage and Housing Corporation (CMHC) funding. The Review is expected to be completed in the spring of 2012.

I would like to congratulate Local Housing Organizations (LHOs) and the NWTHC on working towards taking on full responsibility for the administration of the Public Housing Program's Public Housing Rental Subsidy (PHRS). On June 1, 2010, the NWTHC and LHOs assumed responsibility for the assessment of public housing rent which had been the responsibility of the Department of the Education, Culture and Employment (ECE). The NWTHC spent the year working with ECE to transfer the responsibility for PHRS to the NWTHC and LHO's by April 1st, 2011. Throughout the transition, tenants have had an opportunity to have their rent reassessed if they had not provided appropriate income verification in the past, which may have increased tenant arrears.

The NWTHC has also been incorporating new technologies to support the sustainability of its housing portfolio. I am pleased to inform you about the construction of the Northern Sustainable Housing Project (NSHP) in Inuvik, which will be completed in 2011. The NWTHC and CMHC have partnered in the design of this home, which incorporates the latest energy efficiency technologies appropriate for northern homes. Various cultural needs were taken into consideration in the design as well as issues such as climate, logistical challenges, energy conservation, and community needs. Not only is this building projected to save 30% - 35% of the operation and maintenance costs compared to an NWTHC building of similar size, but the design of this building incorporated ideas and knowledge provided through community design meetings intended to make this project a house "designed by northerners, for northerners."

Additionally, through investment by Canada's Economic Action Plan (CEAP) and matched by the NWTHC, the NWTHC constructed 65 new housing units in 2010-2011. This combined with the 114 new units constructed in 2009-2010, resulted in 179 new units constructed over the two year life of this one-time investment. Further to that, the NWTHC used the CEAP investment to repair and renovate 226 units in 2009-2010 and 214 units in 2010-2011 for a total of 440 units. Though need is still high across the NWT, this investment has left a legacy of much needed infrastructure.

As we embark on a new fiscal year, we will continue to improve NWTHC programs and services and find new ways to invest in suitable long term sustainable housing options for NWT residents.

Robert C. McLeod
Minister Responsible for the Northwest Territories Housing Corporation

MESSAGE FROM THE PRESIDENT AND CEO

Mr. Jeff Polakoff, President and CEO of the Northwest Territories Housing Corporation

As we head into a new fiscal year, I would like to look back on the key activities that were undertaken in 2010-2011, such as the start of the Shelter Policy Review, the completion of the transfer of the administration of the Public Housing Rental Subsidy (PHRS) to the Northwest Territories Housing Corporation (NWTHC); the Northern Sustainable Housing Project; and the last year of joint infrastructure investments between the GNWT and the federal government through Canada's Economic Action Plan (CEAP).

The NWTHC is currently working with the Department of the Executive and other partners (Departments of Health and Social Services, Justice, and Education, Culture, and Employment) to undertake a comprehensive Shelter Policy Review for the GNWT to provide a consistent policy framework around the principles and interconnectivity of housing activities that support the goals of the GNWT.

The Shelter Policy Review includes an evaluation of the NWTHC's Housing Choices suite of homeownership programs and a review of the approach to how Public Housing Program rent is calculated. The Shelter Policy Review will also consider housing responses from NWT communities and client groups, such as seniors, disabled persons, hard to house and homeless persons. The work includes a number of phases including; background research and analysis of housing in the NWT and NWTHC programs, engagement with stakeholders, development and analysis of policy options, and development of a strategic framework for public release later in 2012.

The NWTHC met with the Canadian Mortgage and Housing Corporation (CMHC) in 2009 to discuss the development of a Northern Sustainable House Project (NSHP) in Inuvik. The objectives of the NSHP are to have a building that exceeds today's energy efficiency standards, is economical to construct and operate, is easily maintained by the local maintenance staff, and once constructed, could be monitored by the NWTHC and CMHC. Additionally, the NSHP will have features such as: open concept design, visitable design features, high insulation values, better quality windows, high energy efficient heating system, solar photovoltaic system, and hot water pre-heat system.

With the higher energy efficient components added to this building, it is expected that there will be substantive savings in the operation and maintenance costs. Early projections indicate that this building may save 30% - 35% of the operation and maintenance costs compared to a building of similar size constructed to the NWTHC's current standard. These savings will be confirmed after the monitoring of the building is complete.

This year also marks the end of the combined federal and territorial investment through Canada's Economic Action Plan (CEAP). Through CEAP, the combined investment by the NWTHC and federal government of $111 million has resulted in the construction of 179 new housing units across the NWT. Over the two years, infrastructure investment saw repairs and renovations to a total of 440 units. The federal investment by CMHC, through CEAP, matched by the GNWT through the NWTHC, was a one-time investment that will benefit NWT residents for years to come.

With the on-going decline of federal funding toward the operation and maintenance of the NWTHC's public housing portfolio, this has placed additional financial pressure on the NWTHC. Though we continue to conduct renovation and repairs to older public housing stock, there needs to be long-term sustainable funding to address the sustainability of the public housing portfolio over the longer term.

Jeff Polakoff
President and CEO, Northwest Territories Housing Corporation

TABLE OF CONTENTS

1. Message from the Minister	2
2. Message from the President and CEO	4
3. Table of Contents	6
4. Corporate Profile	8
5. Corporate Structure	9 - 11
6. Program Descriptions	12
7. Condition Ratings	13 - 14
8. Shelter Policy Review	15
9. Housing Choices Evaluation of Programs	15
10. Investment in Housing Infrastructure (CEAP and NWTHC Funds)	15
11. Changes to Public Housing Rent Subsidy	16
12. Project Feature : Northern Sustainable Housing Project	16
13. Client Feature : Bertha Allen Apartments	17
14. Staff Profile: Neil Phillips	18
15. Office Profile: Programs	19
16. 2010-2011 Long Service Award Recipients	20
17. Appendix A: Financials	21 -

CORPORATE PROFILE

OUR MISSION

The Northwest Territories Housing Corporation (NWTHC) provides access to adequate, suitable and affordable housing. Through the provision of housing programs and services, the NWTHC contributes to the health and education of NWT residents and to the development of sustainable, vibrant and safe communities.

OUR GOALS

The long-term goals of the NWTHC support the goals set out by the 16th Legislative Assembly in its strategic plan "Northerners Working Together":

1. Increase the supply of adequate, suitable and affordable housing in communities to address the housing needs of NWT residents.

2. Acquire and plan for sufficient land for the purpose of providing affordable housing.

3. Provide homeownership and rental programs and services that are effective and appropriate.

4. Enhance the long term sustainability and energy efficiency of housing in the NWT.

5. Promote personal responsibility and accountability for housing through community based training and support.

GUIDING PRINCIPLES

In addition to our Mission and Goals, the NWTHC's Framework for Action 2008-2011 sets out the following guiding principles:

- All residents of the Northwest Territories should have access to housing that they can afford, that is of suitable quality, and that is adequate to meet their individual shelter needs.

- Housing should be a key component in the development of safe, healthy and sustainable Northern communities.

- Programs and services delivered by the NWTHC should provide easy access for clients and promote greater personal responsibility for housing through community based training and support.

- Public funds designated for housing should be used in a manner that ensures the security of investments made, maximizes available resources, and balances affordability with the utilization of local labour and materials.

- Housing should be constructed in a manner which meets all national and territorial construction standards, maximizes energy efficiency, minimizes environmental impact, and contributes to lowering the cost of living.

- The NWTHC should clearly communicate with stakeholders, and ensure that the input and views of stakeholders are heard and are acted upon.

NWTHC Corporate Structure

Corporate Summary

The Northwest Territories Housing Corporation (NWTHC) provides social and market housing programs and services, including subsidized rental housing, subsidized homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates new technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC continues to work in partnership with the Canada Mortgage and Housing Corporation (CMHC) to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations (LHOs), municipalities and bands to manage and administer the public housing portfolio in 26 communities.

Divisions

Executive Office:

The Executive Office provides overall leadership and management of the NWTHC, supports the Minister Responsible for the NWT Housing Corporation, and coordination of the implementation of housing-related initiatives as directed by the government. The Executive Offices also are responsible for strategic planning, policy development, communications, inter-departmental coordination and intergovernmental activities related to housing.

Strategic Planning, Policy and Communications

The Strategic Planning, Policy and Communications Branch supports the long-term strategic direction and planning for the NWTHC. This Branch is also responsible for strategic and business planning, policy development, qualitative and quantitative research, and corporate communications. This Branch represents the NWTHC at the Federal/Provincial/Territorial (F/P/T) level, on interdepartmental working groups, and on other committees.

Finance & Infrastructure Services:

The Finance and Infrastructure Services Division includes Finance and Administration, Infrastructure Services, Financial Planning, Lands, and Information Services. Through these branches, the Division manages and administers the NWTHC's financial services, capital planning, land acquisition and planning, information services, asset management and infrastructure delivery, and provides advice to senior management and stakeholders.

Finance and Administration

The Finance and Administration Branch is responsible for the overall financial affairs of the NWTHC. This includes the provision of accounting services, reporting and monitoring, treasury services, and mortgage administration.

The Finance and Administration Branch also manages the NWTHC"s own source revenues and funding from CMHC under the Social Housing Agreement. The Branch is responsible for the Corporate Loan Guarantee Program, which supports the construction of new residential housing in the NWT by independent developers. The Branch also provides ongoing subsidy assistance and operational support to various non-profit housing organizations outside of the Public Housing Program.

Financial Planning

The Financial Planning Branch is responsible for the coordination of the development of plans for capital infrastructure and minor capital projects, corporate budget development, project and budget change management and variance analysis.

Information Services

The Information Services Branch utilizes the latest in information management tools and methodologies to support the business processes of the Corporation and its community partners. The Branch develops NWTHC-specific information systems as well as system training, which are critical to the delivery of housing programs.

NWTHC Corporate Structure (Continued)

Infrastructure Services

The Infrastructure Services Branch is responsible for the overall development, design and procurement, planning and delivery of capital infrastructure projects in support of the NWTHC's rental and homeownership programs. This Branch is also responsible for the planning, procurement, and administration of suitable land for the delivery of housing programs and services, and the security of NWTHC assets and mortgage interests. Infrastructure Services is also responsible for the maintenance management of the NWTHC's public housing portfolio in order to ensure its long term sustainability. The Branch provides technical assistance in the development of new housing programs and supports the District Offices in their delivery of the Contributing Assistance for Repairs and Enhancements (CARE) program where it works with private homeowners to determine their repair needs and develop scopes of work. As well, Infrastructure Services is the NWTHC's lead on issues related to energy efficiency and new housing technologies.

Programs and District Operations:

The Programs and District Operations Division provides corporate support to the NWTHC's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, and delivery of programs and initiatives that optimize the NWTHC's responsiveness to housing needs in the NWT, and to ensure a continuity of approach to program delivery and implementation.

The Programs Division works closely with district offices and community housing providers, Local Housing Organizations (LHOs), to ensure compliance with existing policies and procedures, as well as developing and updating operational policies, while also ensuring that District Offices and LHOs have the support and capacity required to effectively deliver the NWTHC's programs and services.

NWTHC Corporate Structure (Continued)

District Offices

NWTHC District Offices support communities in program and service delivery. District Offices are responsible for the administration of district capital activities and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, and training. They also work closely with external stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options and programming to assist individuals in decision making regarding their housing needs. An important component of the relationship between districts and clients are the services related to mortgage advice, counseling, and education, as well as services provided to clients under the Homeownership Entry Level Program (HELP) designed to prepare them for future homeownership.

Beaufort-Delta District Office
Supports the communities of Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Habour, Tsiigehtchic, Tuktoyaktuk, and Ulukhaktok.
Sahtu District Office
Supports the communities of Colville Lake, Deline, Fort Good Hope, Norman Wells, and Tulita.
North Slave District Office
Supports the communities of Behchoko, Dettah, Gameti, Lutselk'e, N'dilo, Wekweeti, Whati, and Yellowknife.
South Slave District Office
Supports the communities of Enterprise, Hay River, Hay River Reserve, Kakisa, Fort Providence, Fort Resolution, and Fort Smith.
Nahendeh District Office
Supports the communities of Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake, and Wrigley.

Local Housing Organizations

Local Housing Organizations (LHOs), operating as agents of the NWTHC, are responsible for the administration of social housing rental units in the majority of the communities across the NWT. This includes public housing units operated under the Public Housing Program, which is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. The NWTHC, in partnership with 23 LHOs, administers approximately 2,400 social housing units in 26 communities across the NWT. LHOs provide, under agreement with the NWTHC, property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. Each LHO has an advisory board which oversees its operations. In communities without an LHO, the NWTHC's district offices are responsible for the administration and delivery of the Public Housing Program.

Radilih Koe Housing Association, the LHO located in Fort Good Hope, NWT.

NWTHC PROGRAMS

Public Housing Program

Through the Public Housing Program, the Northwest Territories Housing Corporation (NWTHC) provides income-based subsidies and rental housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver public housing its behalf. The NWTHC has signed partnership agreements with Local Housing Organizations (LHOs) to manage and administer the public housing portfolio for the NWTHC.

The partnership agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of public housing in the NWT.

Currently, the NWTHC operates approximately 2,400 public housing units which are managed by LHOs located in 23 communities throughout the NWT.

Housing Choices

Housing Choices is the NWTHC's suite of four homeownership programs. These programs offer flexible delivery options to NWT residents. Housing Choices also includes education and counselling to assist residents in becoming self-reliant and successful homeowners.

STEP (Solutions to Educate People)

The STEP program provides clients with comprehensive, thorough counselling and educates them on the skills needed to be successful homeowners. All components include discussion and hands-on involvement by the participants. STEP consists of four modules; each being six-and-a-half hours in duration. The four modules are: Financial Skills I - Budgeting, Financial Skills II-Banking & Credit, Home Purchase, and Home Maintenance & Repair. Applicants attend specific STEP modules based on the program for which they have applied. The general public may request to attend STEP; however, priority is given to program applicants.

HELP (Homeownership Entry Level Program)

HELP is intended for prospective first-time homebuyers and provides an opportunity for people who are unable to secure mortgage financing, or are unsure of their abilities as homeowners, to assume the responsibilities of homeownership before purchasing a home. Tenants have an opportunity to purchase the unit after leasing it from the NWTHC. During the minimum two year lease period, tenants pay 20% of their gross income towards rent and shelter costs. After a two-year tenancy, tenants earn an equity contribution of $10,000 if they are in good standing and have successfully completed the required homeownership courses offered through the STEP program. The equity contribution can only be applied to the purchase of a home and can also be used in conjunction with other NWTHC homeownership programs. Although there is incentive to purchase, tenants are able to remain in the unit beyond the two year tenancy period should they decide to extend their lease to further adjust to becoming homeowners.

PATH (Providing Assistance for Territorial Homeownership)

PATH provides assistance to NWT residents to purchase or build a modest home. Under this program the ability to obtain bank financing is only a requirement when project costs to build or purchase a modest home exceeds the amount of assistance they can receive through the program. Assistance levels range from $10,000 to $125,000, with the amounts being determined using income level, family size and the community based construction costs. Larger families and those living in remote areas receive higher assistance levels relative to smaller families and those living in communities with year round access assuming similar incomes. Assistance levels are not tied to total project costs, thereby allowing clients to make their own housing choices based on what they can afford.

CARE (Contributing Assistance for Repairs and Enhancements)

CARE is the NWTHC's primary repair program. It encompasses the successful aspects of the previous repair programs while introducing new criteria , which makes the CARE program more accessible to Northwest Territories residents. CARE assistance levels range from $10,000 to $90,000. Having received previous assistance is no longer a barrier for program eligibility, and the provision of funding is no longer conditional on bank financing. Repairs are coordinated by the NWTHC with the scope of work adjusted according to the assistance amount. Health and safety repairs remain a priority. CARE also provides preventative maintenance funding of up to $2,000 annually.

PUBLIC HOUSING UNIT CONDITION RATINGS

Unit condition ratings are conducted on NWTHC owned public housing units on an annual basis by Local Housing Organization staff. The NWTHC does not complete unit condition ratings on units leased from private landlords.

These unit condition ratings are a tool used in the capital planning process to prepare for future modernization and improvement projects that are done to maintain the quality of housing for our tenants. Condition ratings are also done to determine when older units need to be replaced, or be scheduled for demolition.

A systematic walk-through inspection is conducted to complete the condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

A condition rating of less than 60% means that the unit needs to be evaluated to determine if the useful life can be extended for 15 years through a modernization and improvement project. If not, consideration is given to disposing of the unit and replacing it.

2010 Public Housing Unit Condition Ratings

COMMUNITY	Under 60%	60% to 69%	70% to 79%	80% to 89%	90% to 100%	Total Units
North Slave						
Behchoko	17	37	40	36	19	149
Dettah/N'Dilo	0	0	6	24	30	60
Gameti	0	0	0	8	0	8
Lutselk'e	5	4	4	16	39	68
Whati	0	1	3	3	12	19
Yellowknife	0	2	21	71	59	153
Total North Slave	**22**	**44**	**74**	**158**	**159**	**457**
South Slave						
Fort Providence	0	0	2	25	54	81
Fort Resolution	0	6	19	25	34	84
Fort Smith	2	12	26	28	79	147
Hay River	2	7	32	24	74	139
Hay River Reserve	0	0	10	3	0	13
Total South Slave	**4**	**25**	**89**	**105**	**241**	**464**
Beaufort Delta						
Aklavik	16	35	36	24	30	141
Fort McPherson	6	5	7	31	80	129
Inuvik	0	0	21	53	150	224
Paulatuk	0	5	14	19	16	54
Sachs Harbour	2	2	0	1	21	26
Tsiigehtchic	0	0	0	3	21	24
Tuktoyaktuk	17	20	37	52	47	173
Ulukhaktok	5	19	26	27	20	97
Total Beaufort Delta	**46**	**86**	**141**	**210**	**385**	**868**
Sahtu						
Deline	30	32	19	12	5	98
Fort Good Hope	6	10	6	16	11	49
Norman Wells	2	4	13	12	3	34
Tulita	0	4	18	44	13	79
Total Sahtu	**38**	**50**	**56**	**84**	**32**	**260**
Nahendeh						
Fort Simpson	8	15	10	25	65	123
Wrigley	0	4	0	2	2	8
Fort Liard	9	1	0	1	9	20
Total Nahendeh	**17**	**20**	**10**	**28**	**76**	**151**
Total All Districts	**127**	**225**	**370**	**585**	**893**	**2200**

THE SHELTER POLICY REVIEW

In an effort to refocus the GNWT's approach to the provision of housing programs, services and supports to residents at varying stages of the housing continuum, the NWTHC, in cooperation with the Department of the Executive is undertaking a shelter policy review in 2011-12.

The Shelter Policy Review is completing an assessment of current program offerings and services, as well as Government's overall approach to housing within a broader social policy context. Specific issues to be examined will include:

- Differences in how housing is or should be provided in large communities vs. smaller communities;
- Achieving a fair and equitable regional balance in the delivery of housing;
- Identifying gaps in the housing continuum; specifically between current NWTHC program offerings;
- The impact of public housing and homeownership arrears on service delivery and possible means to address the issue;
- The future outlook for housing in the territory in light of declining federal funding and the downward trend in housing adequacy.

The Shelter Policy Review will provide direction on issues such as housing subsidy levels, types of housing services offered in communities, and the role that housing programs and services play in meeting not only the NWTHC's mandate but that of other GNWT departments.

HOUSING CHOICES PROGRAM EVALUATION

In 2007, the Northwest Territories Housing Corporation (NWTHC) introduced the Housing Choices suite of homeownership programs. The NWTHC determined that it would need data from three complete delivery cycles to adequately evaluate the success of the programs. This comprehensive independent evaluation of Housing Choices will be completed by July 15, 2011. The NWTHC will begin to implement any required changes to Housing Choices prior to the 2012-2013 program intake scheduled for fall 2011.

As the NWTHC continues to look for ways to improve the effectiveness and efficiency of the delivery of its programs and services, it has adjusted several areas of the Housing Choices programs to meet emerging needs and to respond to issues raised by MLAs and the general public. It is anticipated that the report from the evaluation of Housing Choices will be beneficial to the ongoing improvement of programs to meet the changing housing needs of NWT residents.

The evaluation will also inform the Shelter Policy Review that is currently underway which will refocus the GNWT's approach to the provision of housing programs, services and supports to residents at varying stages of the housing spectrum of need.

CEAP AND THE NWTHC

The end of federal economic stimulus funding through Canada's Economic Action Plan (CEAP) and the continuing decline of federal funding for the operation and maintenance of public housing places pressure on the NWTHC from a fiscal perspective. With the end of the federal funding under CEAP in 2010-2011, the funding for infrastructure investments returns to pre-federal stimulus investment levels.

The NWTHC's total program delivery for 2009-2010 and 2010-2011 has exceeded $111 million over the past two years, due to the combined territorial and federal investment. The total federal allocation of CEAP infrastructure investment in social housing infrastructure for this period amounts to $58.98 million. Of this amount, $55.3 million of this was a one-time infrastructure stimulus investment through CEAP, which was matched by the Government of the Northwest Territories (GNWT) through the NWTHC.

Due to the considerable increase in investments for housing infrastructure by the GNWT and federal government, over this period, 114 units were constructed in the first year of delivery and an additional 65 units were constructed in 2010-2011. The infrastructure investment was also used to repair and renovate 226 units in 2009-2010 and 214 units in 2010-2011, resulting in 440 repaired and renovated units over the two year period of the investment.

The GNWT and NWTHC continue to urge the federal government for long-term sustainable federal funding. Specific and substantial investments in housing in the North need to be made on a more predictable and sustainable basis. The recent 2009 Community Needs Survey in the NWT suggests that the investments made over the last four years have not reduced the level of core need in many communities.

CHANGES TO THE PUBLIC RENTAL HOUSING SUBSIDY

In response to the ongoing criticism of the Public Housing Program delivery, including motions by regular members of the 16th Legislative Assembly to return the administration of Public Housing Rent Subsidy (PHRS) from the Department of Education, Culture and Employment (ECE) to the NWTHC, an independent evaluation of the PHRS program was commissioned in 2009 to evaluate the effectiveness and efficiency of PHRS delivery. The consultants reached out to a broad level of stakeholders, including LHOs and NWTHC staff, ECE staff, public housing tenants, community leaders, and aboriginal organizations. The report recommended that the administration of PHRS should be transferred back to the NWTHC.

As a consequence, the NWTHC and LHOs have been taking on more responsibility for the administration of PHRS over the course of the 2010-11 fiscal year. The NWTHC assumed the responsibility for assessments on June 1, 2010 and the transfer of the administration of PHRS to the NWTHC was completed and program changes implemented by April 1, 2011.

Public housing tenants have also had an opportunity to have rent assessments reviewed to confirm that their rent assessments are correct. The NWTHC continues to provide assistance to LHOs requiring additional support and assistance with this process. Tenants with outstanding PHRS assessments who have provided documentation to their LHO have had their rent assessments adjusted accordingly.

The NWTHC completed rent scale program administration training with program staff in the NWTHC's District Offices and with the LHOs in preparation for the transfer.

There has been a positive working relationship established between ECE, the NWTHC, and LHOs during the past four years that ECE administered PHRS. It is anticipated that this continuing relationship will be important in facilitating the transfer. The NWTHC and ECE continues to work together, meeting regularly, to ensure a smooth transition of the PHRS program back to the NWTHC.

NORTHERN SUSTAINABLE HOUSING PROJECT

The Northwest Territories Housing Corporation (NWTHC) is pleased to announce that the Northern Sustainable Housing Project in Inuvik is scheduled for completion in May 2011. This project has been two years in the making. The NWTHC first met and partnered with CMHC in 2009 to discuss the design and building of the Northern Sustainable Housing Project. This project is a key initiative for the NWTHC in addressing the issue of long-term sustainable housing design for the North.

The goal of the NWTHC in building the Northern Sustainable Housing Project is to design and build a home to an Energuide 85 rating of efficiency. The Northern Sustainable Housing Project design incorporates increased insulation values, solar hot water supply, solar photovoltaic panels, high efficiency heating appliances and heat recovery ventilation systems. The criteria for this project also specifies that the home will be economical to operate, can be maintained by the LHO, and can be constructed in any community in the NWT.

The Northern Sustainable Housing Project is a great example of the value of community input for providing a better product that respects traditional and cultural knowledge. Community design meetings were initiated by district staff in February 2009 and completed by the design team during a community visit on April 21 - 23, 2009 in Inuvik. Based on the input from the stakeholders involved, preliminary house designs were developed specifically in the areas of construction, insulation systems, heating and ventilation systems, and energy efficiency.

Once constructed, this duplex will be monitored by the NWTHC and CMHC. Data will be collected on the building and systems to determine if expected energy saving targets are being achieved. If those targets are not met, the design and review teams will complete energy modeling to evaluate the design performance.

With higher energy efficient components added to this building, it is expected there will be substantive savings in the operation and maintenance costs. Early projections indicate this building may save 30% - 35% of the operation and maintenance costs compared to a building of similar size constructed to the NWTHC's current standard. These projected savings may be confirmed after the monitoring of the building is complete.

The NWTHC also expects that this concept may be used in future housing design, as it will be a building that was designed specifically for use in the NWT, taking into consideration things such as climate, logistical challenges, energy conservation, cultural needs, and maintenance considerations, and will be reflective of the unique environment and lifestyle of the North.

PROJECT FEATURE: BERTHA ALLEN APARTMENTS

It has been nearly one year since the opening of the Bertha Allen Apartments, the seniors' residence on Kingmingya Drive in Inuvik. The high quality facility is named for Bertha Allen, a well respected community elder and advocate for seniors, who died in May 2010.

Bertha Allen was a strong community leader and champion for housing needs in the Northwest Territories. Along with other community members, Bertha Allen helped develop Co-op Hill in Inuvik during the early 1960s, a program that involved the government providing housing materials and the community of Inuvik providing the labour. Bertha Allen left behind a great legacy including being a town councillor in Inuvik, and considerable involvement and leadership with both community and territorial organizations. She was a recipient of the Aboriginal Achievement Award, and a member of the Order of Canada.

The Bertha Allen Apartments were officially opened in December 2010 by the Honorable Robert C. McLeod, Minister Responsible for the Northwest Territories Housing Corporation (NWTHC). A ceremony was held to commemorate the opening of the seniors' residence, an achievement Allen had been instrumental in bringing about. More than 30 of the late Allen's family members and friends attended the event, along with dignitaries from across the NWT, including Inuvik, and the Yukon.

Diana Tingmiak, Manager of the Inuvik Housing Authority, which manages the building, said the first year of operation has produced a lot of praise from residents and visitors alike. "People that have been in the building talk about how nice it is," she said. "They're really nice apartments with lots of room." The apartments' residents often work on puzzles or get together for a chat in the shared living space and Homecare workers also come in to provide supports.

The building, which features nine units in total and eight for the elders, has been full since its opening.

"Thanks to this investment the NWTHC was able to build public housing for seniors; more homes were made available to NWT community members who were ready to become homeowners for the first time; and the overall quality of our current housing stock was significantly improved and made more energy efficient. The NWTHC will continue to build on these successes as we move forward," said McLeod during the opening ceremony.

One of the most notable features of the apartments is a plaque in honor of Allen, which hangs in the building to remind visitors and residents of Bertha Allen and her contribution to making the facility a reality.

STAFF PROFILE: NEIL PHILLIPS

A journeyman carpenter by trade, Neil Phillips has worked for the Northwest Territories Housing Corporation (NWTHC) for nearly ten years. Originally hailing from London, Ontario, Neil moved to Yellowknife in 1974. His first job in the north was as a guard at a correctional facility.

In 1978, Neil started training for his career in carpentry in Fort Smith. Part of the training included an apprenticeship at Giant Mine. After completing the four-year program, Neil earned his journeyman ticket and Red Seal, which allows him to work anywhere in Canada, aside from Quebec.

In 1985, he relocated to Hall Beach, which is now part of Nunavut, where he continued to hone his skills; spending four years as the maintenance foreman there for the Hall Beach Local Housing Organization. "I had my own company for a couple of years in Hall Beach," he said.

Neil has also added teaching his trade to his resume, when he taught a pre-employment course in Baker Lake. He then moved on to work for the GNWT's Department of Public Works, also in Baker Lake. In 1992, he moved to Iqaluit, working for various companies in the field of carpentry.

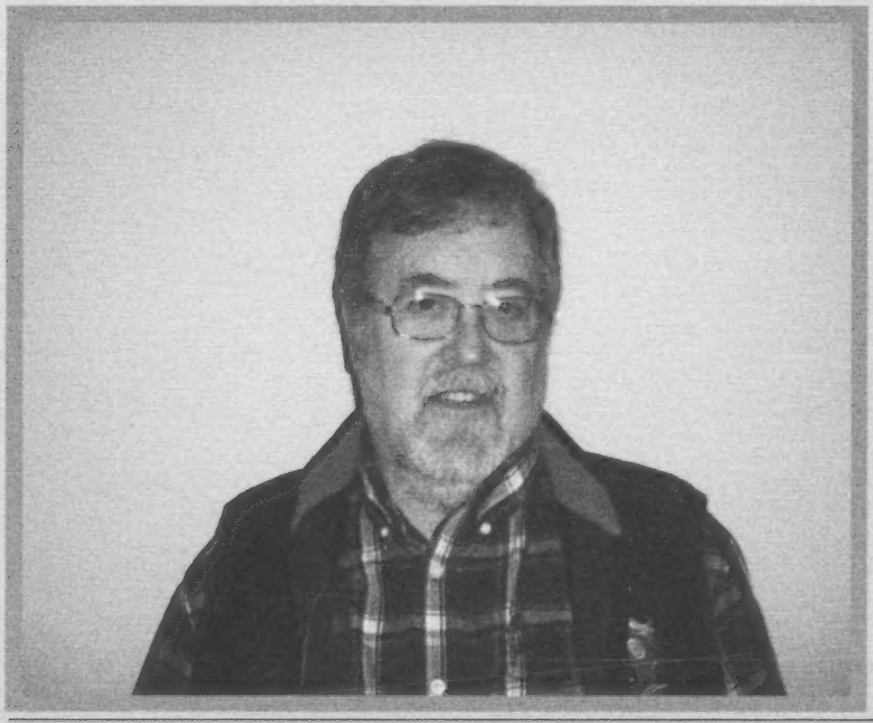
Calgary, Alberta became home for Neil in 1994, although he maintained his ties to the north through jobs at companies like Diavik in the NWT, and for a while, working in Siberia for an American company. In 2002, Neil began his work with the NWTHC, taking a job as a Technical Advisor at the Beaufort Delta District Office in Inuvik.

"We've got a very extensive and very busy schedule," he said of the job of technical advisor. It involves various responsibilities including planning, estimating, inspections, and project management, among other responsibilities.

Some of the projects he is proud to have worked on during his time in the NWTHC's Beaufort-Delta District Office include the new shop warehouse in Tuktoyaktuk, and onsite project manager for the Northern Sustainable Housing Project in Inuvik, which he was involved in from start to finish. Also, Neil was part of building a new shop in Aklavik after the old one burned down. It was done "way ahead of time and $40,000 under budget," said Neil.

Neil says that delivering housing in the north presents many unique challenges. "Logistics is always a major thing" he said, noting that due to the remote locations of many communities, material procurement needs to be done a year in advance of a project commencing. This allows for materials to arrive in the community before the project gets underway.

Working in the Beaufort Delta region required a lot of travelling, Neil said, and was a challenge in that there was such variety in the community's circumstances; some are accessible all year round, some are only accessible part of the year and others are fly-in only all year. "It required a lot of pre-planning and set-up ahead of time," said Neil.



Neil recently transferred to the NWTHC's Nahendeh District Office in Fort Simpson, where he will be the Manager of Technical Service.

Neil has five kids, all born in the north, and five grandchildren. The oldest grandchild for Neil and his wife Victoria, is 16-year-old Tristan, who is on his way to a professional soccer career, being scouted by Manchester United.

OFFICE PROFILE: PROGRAMS AND DISTRICT OPERATIONS

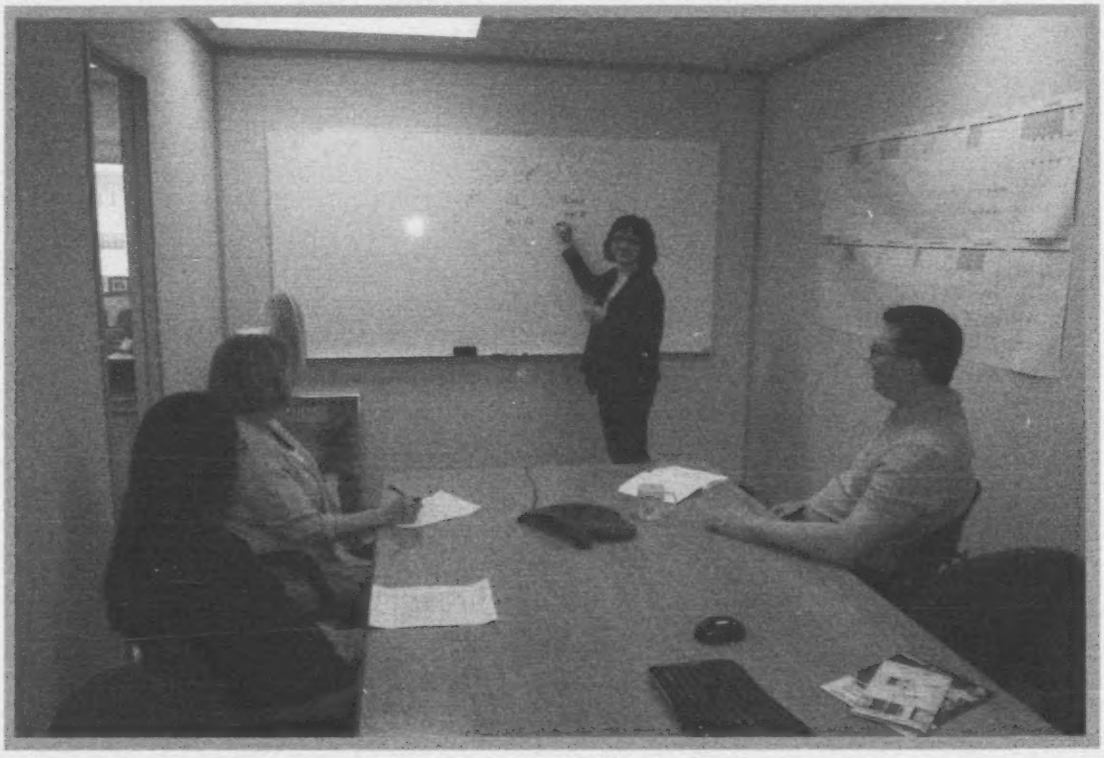
The Programs and District Operations Division is responsible for the development, implementation, training, monitoring and delivery of programs and Northwest Territories Housing Corporation (NWTHC) housing initiatives. Within the Division are the NWTHC's five District Offices that are responsible for the regional delivery of programs and services to the community residents. In carrying out its activities, the Division works closely with District Offices, Local Housing Organizations (LHOs), and other community housing agents. Through the development of policies and procedures, and the provision of training, the Division ensures that District Offices and LHOs have the support and capacity required to effectively and efficiently deliver the NWTHC's programs and services.

The Programs and District Operations Division have been very busy during the 2010-2011 year. The Division has had its hands full juggling responsibilities associated with the Public Housing Rent Scale Review, the Shelter Policy Review, and all the activities associated with the Public Housing Rental Subsidy transfer. On top of these initiatives, the Programs and District Operations Division has all of its everyday operations to carry out.

Franklin Carpenter, Vice President for Programs and District Operations feels that a lot of their accomplishments are felt at the community level. Of particular importance is the investment of infrastructure in the communities. In 2010-2011, 65 new units were built with federal investment from Canada's Economic Action Plan, and the GNWT's matching contribution through the NWTHC. Furthermore, the NWTHC built 39 Public Housing replacement units and 28 new HELP units. The Corporation performed major modernization and improvements on 214 units during 2010-2011 as well.

The Vice President stated that another point of pride is the dedication to housing by LHO staff. Across the NWT, LHOs help administer and manage the Public Housing Program. This partnership allows for a link between the NWTHC, the community and the tenants. LHO staff provide the vital front line work that allows the Public Housing Program to operate. The partnership that exists between LHOs and the NWTHC is an essential tool in meeting our collective goal to ensure that residents have access to adequate, affordable, and suitable housing no matter which community they live in.

While community staff are primarily focused on the operation and maintenance of public housing, they also provide a number of housing services to community residents. Staff are always available to discuss housing options with tenants and clients. While they are not directly responsible for delivering homeownership programs (homeownership programs are delivered by the NWTHC's District Offices), they have knowledge of NWTHC programs and are often able to counsel and provide recommendations on possible homeownership options for current public housing tenants and other interested families.



2010-2011 Long Service Award Recipients

Five Years

Candace Ciboci, Programs Advisor - Beaufort Delta District Office

Stephen Daw, District Comptroller - Sahtu District Office

Randy Jacobs, Manager, Construction Services - Infrastructure Services

Kelcy McDonald, Manager, Programs - Beaufort Delta District Office

Daniel Mutua, Technical Advisor - Beaufort Delta District Office

Jeff Polakoff, President and CEO - Executive Office

Kate Smith, Technical Advisor - Beaufort Delta District Office

Sandy Stewart, Lands Officer - Beaufort Delta District Office

Shelly Martin, Lands Officer - South Slave District Office

Crystal Wegernoski, Contracts/Finance Administration - Sahtu District Office

Ten Years

Mike Jackson, Manager, Information Systems - Information Systems

Michael Keohane, Manager, Programs - North Slave District Office

Jasmin Mirza, Program Development Specialist - Programs and District Operations

Rudi Mouthaan, Database Administrator - Information Systems

Fifteen Years

Loretta Hopkins, District Director - Beaufort Delta District Office

Twenty Years

Ioan Astle, Manager, Housing Programs and District Operations - Programs and District Operations

Sheldon Grayston, Director - Finance and Administration

Twenty-five Years

David Klingbeil, Technical Officer-Architectural - Infrastructure Services

MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR 2010-2011

Highlights

Affordable Housing Initiative

Fiscal year 2010-2011 was the second year of the two year extension to the Affordable Housing Initiative (AHI) Program Agreement under Canada's Economic Action Plan (CEAP), between the Northwest Territories Housing Corporation (NWTHC) and the Canada Mortgage and Housing Corporation (CMHC). This amendment to the AHI Program provided the Corporation with $58 million from CMHC over two years to support the building of new affordable housing and assist low-income households with renovations to their homes across the north. The Government of Northwest Territories also committed $58 million to the Corporation to match the funding from CMHC, with $8 million required to be cost-shared as per the terms of the AHI Agreement.

For fiscal year 2010-2011, the AHI Program supported construction of 65 new units and renovation of 214 existing units under the public housing and homeownership portfolio, with $28.5 million in capital expenditures with a further $17.6 million in minor capital expenditures to assist families and communities for the provision of social housing. As a result, a total of $63.6 in capital expenditures and $31.0 million in minor capital expenditures has occurred over the two year period from 2009-2010 to 2010-2011. With $16.5 million in funding deferred to the 2011-2012 fiscal year to complete project commitments that were not finalized as at year end, approximately $111.0 million will be expended to meet the NWTHC's commitments under the CEAP initiative.
Renewal of Affordable Housing Investment

The NWTHC, along with its territorial and provincial counterparts, has negotiated the renewal of agreements for the Affordable Housing Investment through to 2014 and will receive $1.84 million annually over this period. Adjustments to the agreement for the period 2011 -2014 will provide provinces and territories with more flexibility in determining local needs and priorities and in designing and delivering programs.

Tri-Territorial Federal Engagement

The NWT, Yukon and Nunavut housing agencies remain concerned with the lack of a long-term, sustainable, predictable and flexible funding for social housing, including: capital funding to ensure a sufficient supply of affordable social housing that recognizes the diverse and growing housing needs, and priorities and conditions of the Territories; and operation and maintenance funding to ensure the viability of that social housing stock.

Short-term federal investments such as the Northern Housing Trust and Canada's Economic Action Plan are not sufficient to address the growing housing need in the North. As well, the long-term sustainability of the NWT's public housing portfolio (as with the other territories) is impacted by the declining federal funding that supports the operation and maintenance of these units. The NWTHC continues to work with its Yukon and Nunavut partners to urge the federal government, through CMHC, of the need for a new approach to Northern Housing including long-term sustainable funding, allocated according to need rather than per-capita, and including funding for ongoing operation and maintenance expenditures.

Energy Initiatives

Energy efficiency is important to the sustainability and longevity of the NWTHC's public housing portfolio and to privately owned housing constructed or repaired under the NWTHC's homeownership programs. The NWTHC has committed to an energy efficiency standard for all designs to comply with Natural Resources Canada minimum high energy efficiency standard rating of 80 under the EnerGuide Rating System. The NWTHC has also completed over 250 EcoEnergy Home Evaluations on its public housing portfolio to identify the most cost effective energy efficiency upgrades for existing housing that will reduce energy costs.

The NWTHC continues to support the Government of the Northwest Territories (GNWT) Energy Plan and as part of the GNWT's EcoEnergy Retrofit Plan, the NWTHC spent $1 million in 2009-2010 and another $1 million in 2010-2011 to complete energy upgrades on approximately 149 public housing units.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Managing Risk / Pressures

The following table outlines the key pressures facing the Corporation and the strategies being employed to mitigate, to the extent possible, these risks:

Key Risks / Pressures	Mitigation Strategies
Decreasing CMHC Funding	• Involvement with an inter-jurisdictional working group (provincial/territorial) to develop a strategic approach to engaging the Federal government. • Implementing a retrofit strategy that extends the design life of each public housing unit from 25 to 50 years by performing complete retrofits at years 20 and 35 after construction. • Build new multiplex units rather than fully detached units which are more cost effective to maintain.
Increase in Core Need (Quality of Housing)	• Continued allocation of funding under the Capital Budget towards the retrofit of the older public housing units.
Increased Utility Costs	• Improved energy efficiency by ensuring all new housing designs comply with the EnerGuide for Houses (EGH) 80 rating. • Targeting all major retrofits to public housing units to be as close to the EGH 80 rating as possible. • Build new multiplex units rather than fully detached units, which are more cost effective to maintain.
Land Development Issues	• Continue to work with community governments and the Department of Municipal and Community Affairs (MACA) to identify and develop suitable land for residential construction.
Local Housing Organizations - Financial Risk	• Increased support to LHOs to enhance rent collections and the implementation of measures to control expenditures.

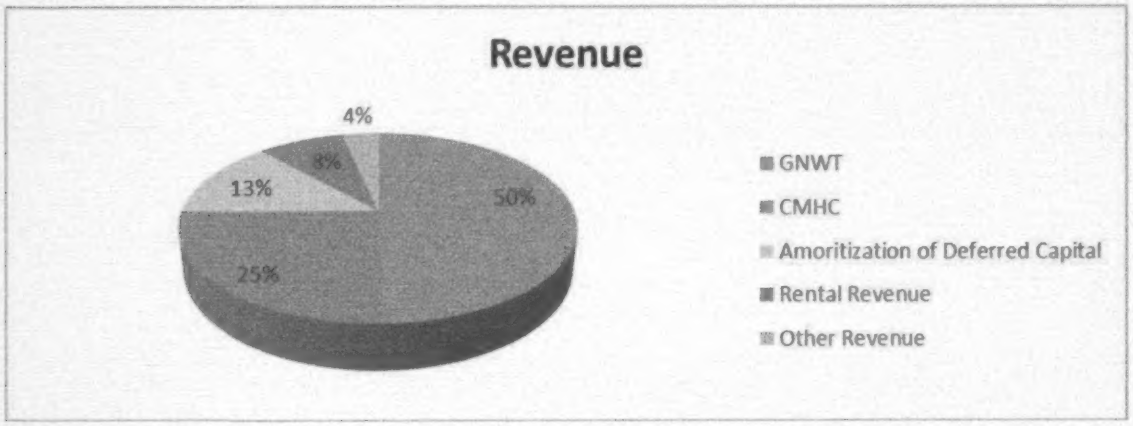
Financial Results

Revenues

Overall revenues for the Corporation were $99.2 million in 2010-2011, an increase of $5.1 million over the previous year's total of $94.1 million. $3.7 million of this increase was in Government funding, which included our Federal housing partner, the CMHC and the GNWT, which rose from $83.8 million to $87.5 million. CMHC funding increased by $2.6 million to $25.0 million due to CEAP funding being used for minor repairs to public housing units. Amortization of deferred capital funding increased by $1.7 million to $13.3 million due to an increased investment in public housing under the CEAP initiative that resulted in an increase of $28.5 million to the deferred capital funding account.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Revenue generated from operations amounted to $11.6 million in 2010-2011, an increase of $1.3 million over the prior year. $1.0 million of this increase is related to the unsubsidized portion of rent revenue (tenant portion) received from public housing and homeownership rental programs, which amounted to $8.3 million in 2010-2011. Other sources of revenue of $3.3 million consisted of recoveries from mortgages, investment revenue, gain on disposal of investments, mortgage interest revenue and other miscellaneous revenue and recoveries.



Operating Expenditures

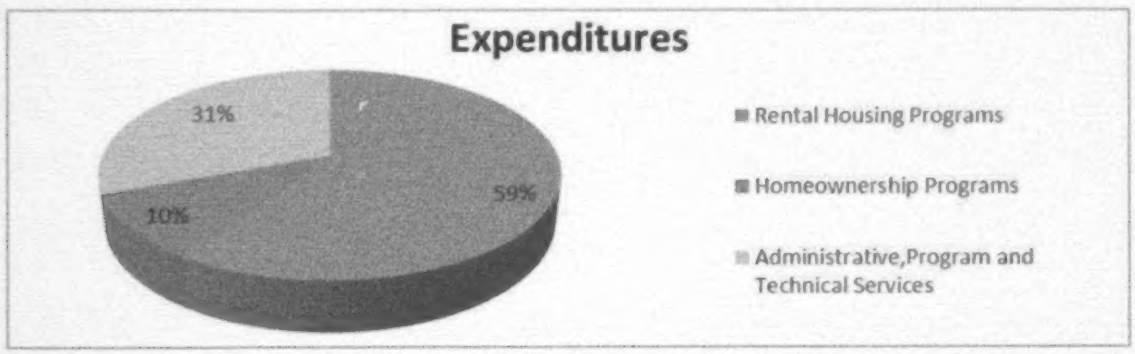
The Corporation's total operating expenditures for 2010-2011 were $95.6 million, an 11% increase over the previous years amount of $86.2 million. The cost of operating the rental housing programs increased by 10% to $56.3 million. This represents 59% of the annual operating costs of the Corporation.

Rental housing expenditures on utilities, taxes and land leases were $19.4 million in 2010-2011, a slight increase over the $19.2 million spent in 2009-2010.

Building repairs and maintenance costs related to rental housing were $10.7 million in 2010-2011, an increase of $1.9 million from the $8.8 million spent in 2009-2010. This includes preventative and demand maintenance as well as repairs and upgrades under the modernization and improvement program to maximize the useful life of our public housing assets. With the increased funding under CEAP for renovations to social housing and cost shared by the NWTHC, additional funding was allocated to minor improvement projects.

Homeownership assistance grants were $9.6 million in 2010-2011, an increase of $4.9 million over the previous year amount of $4.7 million. This funding is used for the provision of homeownership grants and contributions to support improvements to existing homeownership units. Additional resources were allocated to this area as it was a priority of the Corporation to serve all eligible applicants.

The Corporation spent $29.7 million in Administrative, Program and Technical Services in 2010-2011, a decrease of $0.5 million from the $30.2 million spent in 2009-2010. Costs include administration support, program development and delivery, technical support services and maintenance activities that occurred at LHO, District office and Headquarter level.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Position

The Corporation continues to maintain a solid financial position in 2010-2011. The accumulated surplus has improved from $49.3 million as of March 31, 2010 to $52.9 million as of March 31, 2011 and the net financial resources increased from $25.8 million as of March 31, 2010 to $30.3 million as of March 31, 2011. This increase is due primarily to delays in the delivery of the Corporation's Infrastructure Plan and the requirement to carry over and defer capital projects as a result of capacity limitations.

The Corporation continues to maintain a positive net financial resources position to ensure future obligations can be met, particularly related to capital projects and contractual commitments and to mitigate financial risk associated with the $27.5 million third party loans that the Corporation administers on behalf of CMHC. The Corporation indemnifies and save CMHC harmless from all losses, costs and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation also provided loan guarantees to private sector companies in support of new construction or improvements of residential housing across the north. The total outstanding balance of loans guaranteed was $5.5 million as at March 31, 2011.

Investment in Housing

As at March 31, 2011 the Corporation had $234.7 million of investments in land and buildings, representing the amortized book value of 2,675 owned public housing, homeownership rental and market rental units, and in property and equipment. During the year, an additional investment of $28.5 million was made in new properties or major renovation of existing properties. There were 36 housing units, with a carrying value of $2.8 million, disposed of during the year through sale or demolition and $12.1 million of property costs were amortized during the year.

Summary of Financial Results and Budget Projection (in millions of dollars)

	2006-2007	2007-2008	2008-2009	2009-2010	2010- 2011	2011-2012 Budget
Revenues						
GNWT	58.2	38.1	50.3	49.8	49.2	52.0
CMHC	6.4	20.3	20.3	22.4	25.0	19.5
Amortization of Deferred Capital	7.2	8.7	11.6	11.6	13.3	12.6
Other	8.2	12.7	9.5	10.3	11.7	11.6
Total Revenues	**80.0**	**80.2**	**91.7**	**94.1**	**99.2**	**95.7**
Expenses						
Public Housing Programs	50.3	48.3	46.4	51.3	56.3	52.1
Homeownership Assistance Programs	6.2	2.3	2.2	4.7	9.6	12.3
Administrative, Program and Technical Services	20.0	28.7	27.2	30.2	29.7	31.6
Total Expenses	**76.5**	**79.3**	**75.8**	**86.2**	**95.6**	**96.0**
Annual Surplus (Deficit)	3.5	0.9	15.9	7.9	3.6	(0.3)

Explanation of major variances over the five year period

Revenues

CMHC – For fiscal year 2006-2007 when the Department of Education, Culture & Employment was responsible for the administration of the Public Housing Rental Subsidy (PHRS) program, the CMHC operating funding provided under the SHA was accounted for as being provided by the GNWT. This accounting treatment changed in 2008-2009, with the 2007-2008 results being restated, and the funding was accounted for as being provided by CMHC, consistent with the SHA.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Expenses

Homeownership Assistance Programs – The funds available to provide as grants to homeowners (for the purchase or repair of homeownership units), varies from year to year depending on the client demand for repair programs balanced against the requirement to maintain good quality NWTHC owned housing assets.

Administration, Program and Technical Services - For fiscal years 2006-2007 and 2007-2008, administration costs did not include the salaries & wages for maintenance staff at the LHO level. These costs were categorized as repairs and maintenance under the Public Housing program. These costs were reallocated in fiscal year 2008-2009, with all salaries & wages accounted for under administration.

Annual Surplus (Deficit)

For fiscal years 2008-2009 and 2009-2010, the Corporation incurred substantial surpluses. This was due, in large part to the significant influx of Federal funding provided over this period and the capacity challenges incurred by the Corporation and the housing construction industry generally, to complete all projects as planned within a compressed timeframe.

Inventory Value

As at March 31, 2010, some LHOs had audit concerns over the valuing of inventory held for use at year-end, which led to a qualification on the audited financial statements of these LHOs and on the Corporation's consolidated financial statements. Subsequently the Corporation's 2010-2011 consolidated financial statements were also qualified by the auditors because of the possible effects of this opening balance matter on the comparability of the current period's non-financial assets.

Write-off of Corporate Debt

As indicated in Part IX, Public Agencies, Section 84 of the Financial Administration Act any asset, debt or obligation written-off during the financial year that exceeds $500 must be reported in the annual report of the public agency.

As indicated in Section 82 of the Financial Administration Act, a public agency such as the NWTHC has the authority to write-off debts or obligations up to $20,000. Any write-off requests above $20,000 require the express authority of an Act through the Legislative Assembly. The Corporation has delegated the authority to write-off debts or obligations up to $10,000 to LHOs. When debts are written off it does not mean these debts are forgiven and the NWTHC can still collect on them.

Listed below are the tenant damage and rental arrears approved for write-off in fiscal year 2010-2011:

	($)		($)
Client Name	**Amount**	**Client Name**	**Amount**
YK Dene First Nation		Hay River	
Peter & Leon Tsetta	1,282	Donald Kerr	4,098
Dennis Vogal	5,891	Adrian Drakes	623
Jessica Abel	3,142	Dwayne/Terri Hansen	1,278
Darlene Lafferty	4,757	Robert Kelly / MaryAnn Cotchilly	532
Mary Louise Sangris	3,611	Judy Gauthier / Darryl Murdock	2,122
Narcisse Sangris	5,582		
Noonne Sansparicl	786		
Grace Martin	1,824		
Marie Christine Betsina	9,840		
Lee Abel	5,498		
Lawrence Beaulieu	2,514		
Norman Betsina	5,557		
Clifford Tsetta	1,006		
Norman Sangris	2,289		

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. Ensuring that information in the Corporation's annual report is consistent with the consolidated financial statements is management's responsibility.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The external auditor, the Auditor General of Canada, conducts an independent examination, in accordance with Canadian auditing standards, and expresses his opinion on the consolidated financial statements. The external auditor has full and free access to financial information of Northwest Territories Housing Corporation.

On behalf of Northwest Territories Housing Corporation

David Stewart
President & CEO

J.B. (Jeff) Anderson, CGA, CPA
Vice President
Finance & Infrastructure Services

Yellowknife, Northwest Territories
January 16, 2012

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Northwest Territories Housing Corporation

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial resources and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion on the financial position, results of operations and changes in net financial resources and my unmodified audit opinion on the cash flows.

Basis for Qualified Opinion on the Financial Position, Results of Operations and Changes in Net Financial Resources

The Northwest Territories Housing Corporation consolidates twenty Local Housing Organizations. Because of a lack of internal controls over inventory costing procedures, I was unable to obtain sufficient appropriate audit evidence about the value of inventories held for use by the Local Housing Organizations as at 31 March 2010 and I was unable to satisfy myself concerning the valuation of inventories by alternative means. Since ending inventories affect the financial position, I was unable to determine whether adjustments to non-financial assets might be necessary for 2010. My audit opinion on the financial statements for the year ended 31 March 2010 was modified accordingly. My opinion on the current year's financial statements is also modified because of the possible effects of this matter on the comparability of the current period's non-financial assets.

Furthermore, since adjustments to inventories impact the results of operations and changes in net financial resources, I was unable to determine whether adjustments to repairs, maintenance and other costs, annual and accumulated surplus, and changes in net financial resources might be necessary for 2011 and 2010.

Qualified Opinion on the Financial Position, Results of Operations and Changes in Net Financial Resources

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion on the Financial Position, Results of Operations and Changes in Net Financial Resources paragraph, the consolidated statement of financial position, consolidated statement of operations and accumulated surplus, and consolidated statement of change in net financial resources present fairly, in all material respects, the financial position as at 31 March 2011, and the results of operations and changes in net financial resources of the Northwest Territories Housing Corporation for the year then ended in accordance with Canadian generally accepted accounting principles.

Opinion on the Cash Flows

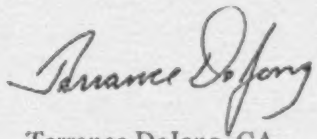
In my opinion, the consolidated statement of cash flow presents fairly, in all material respects, the cash flows of the Northwest Territories Housing Corporation for the year ended 31 March 2011 in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, Canadian generally accepted accounting principles have been applied to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Northwest Territories Housing Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Housing Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations and the *Northwest Territories Housing Corporation Act* and regulations, with the exception that the Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report as described in the following paragraph.

Section 100 of the *Financial Administration Act* of the Northwest Territories requires the Northwest Territories Housing Corporation to submit its annual report to its Minister not later than 90 days after the end of its financial year, or an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report to its Minister for the 2008-09, 2009-10 and current fiscal year and has yet to submit any of these annual reports.



Terrance DeJong, CA
Assistant Auditor General
for the Auditor General of Canada

16 January 2012
Vancouver, Canada

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position
As at March 31, 2011
(in thousands)

	2011	2010
Financial assets		
Cash (Note 3)	$ 15,734	$ 13,590
Temporary investments (Note 4)	25,781	10,395
Portfolio investments (Note 5)	24,494	36,377
Accounts receivable (Note 6)	11,612	10,987
Mortgages receivable (Note 7)	2,127	1,348
	79,748	72,697
Liabilities		
Bank indebtedness (Note 8)	1,879	1,206
Accounts payable and accrued liabilities (Note 9)	17,251	18,716
Deferred Revenue	7,239	2,703
Loans payable to Canada Mortgage and Housing Corporation (Note 10)	13,515	14,133
Obligations under capital leases (Note 11)	5,539	6,337
Post-employment benefits (Note 12)	4,036	3,832
	49,459	46,927
Net financial resources	$ 30,289	$ 25,770
Non-financial assets		
Tangible capital assets (Schedule A)	234,748	221,217
Deferred capital funding (Note 13)	(214,214)	(199,918)
Inventories held for use	1,878	2,094
Prepaid expenses	173	169
	22,585	23,562
Accumulated surplus	$ 52,874	$ 49,332

Contractual obligations and contingencies (Notes 17 and 18)

Approved by management:

President & CEO

Vice President, Finance & Infrastructure Services

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Resources
For the year ended March 31, 2011
(in thousands)

	2011 Budget	2011 Actual	2010 Actual
Net financial resources, beginning of the year	$ 25,770	$ 25,770	$ 21,810
Items affecting net financial resources:			
Annual surplus	-	3,542	7,956
Acquisition of tangible capital assets	(54,563)	(28,482)	(35,661)
Amortization of tangible capital assets	12,775	12,138	11,062
Disposal of tangible capital assets	-	2,813	1,694
Increase in deferred capital funding	54,563	27,614	32,713
Amortization of deferred capital funding	(12,775)	(13,318)	(11,618)
Decrease (increase) in inventories held for use	-	216	(2,094)
Increase in prepaid expenses	-	(4)	(92)
Increase in net financial resources	-	4,519	3,960
Net financial resources, end of year	$ 25,770	$ 30,289	$ 25,770

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2011
(in thousands)

	2011 Budget	2011 Actual	2010 Actual
Revenues			
Government funding:			
Government of the Northwest Territories	$ 49,468	$ 49,182	$ 49,756
Canada Mortgage and Housing Corporation (Note 14)	20,209	25,017	22,428
Reduction of deferred capital funding (Note 13)	12,775	13,318	11,618
	82,452	87,517	83,802
Generated revenues:			
Rental revenue	6,737	8,294	7,261
Recoveries from mortgages (Note 7)	2,361	1,936	1,688
Investment revenue	900	749	917
Gain on disposal of investments	-	293	223
Other revenue and recoveries	167	258	135
Mortgage interest revenue	305	123	88
	10,470	11,653	10,312
	92,922	99,170	94,114
Expenses			
Public housing programs:			
Utilities, taxes and land leases	17,880	19,399	19,171
Repairs, maintenance and other costs	7,049	10,694	8,849
Amortization	12,775	12,138	11,062
Contributions for public housing	6,644	6,748	5,551
Leasing	4,030	2,738	2,957
Interest on long-term debt	1,505	1,365	1,432
Contributions for market housing	1,020	1,388	1,155
Contributions for housing for staff initiative	250	50	-
Loss on disposal of tangible capital assets	-	1,782	1,074
Homeownership assistance programs:			
Homeownership assistance grants (Note 7)	13,294	9,630	4,704
Administration (Note 15)	28,475	29,696	30,203
	92,922	95,628	86,158
Annual surplus	$ -	$ 3,542	$ 7,956
Accumulated surplus, beginning of year		49,332	41,376
Accumulated surplus, end of year		$ 52,874	$ 49,332

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow
For the year ended March 31, 2011
(in thousands)

	2011	2010
Operating transactions		
Cash received from:		
Government of the Northwest Territories	$ 45,639	$ 49,466
Canada Mortgage and Housing Corporation	33,865	20,529
Rental revenue	6,932	6,059
Miscellaneous revenue and recoveries	1,130	1,140
	87,566	77,194
Cash paid for:		
Compensation and Benefits	(24,481)	(24,210)
Administration	(6,543)	(2,254)
Utilities, taxes and land leases	(19,403)	(19,418)
Repairs, maintenance and other costs	(10,417)	(10,875)
Contributions for public housing	(6,748)	(5,551)
Homeownership grants and contributions	(9,630)	(4,704)
Leasing	(2,738)	(2,957)
Interest on long-term debt	(1,391)	(1,452)
Contributions for market housing	(1,388)	(1,068)
Contributions for housing for staff initiative	(50)	-
	(82,789)	(72,489)
Cash provided by operating transactions	4,777	4,705
Capital transactions		
Acquisition of tangible capital assets	(28,482)	(35,661)
Proceeds on disposal of tangible capital assets	1,031	1,821
Cash used in capital transactions	(27,451)	(33,840)
Financing transactions		
Government funding used to acquire tangible capital assets	27,614	32,713
Repayment of long-term debt and capital leases	(1,416)	(1,321)
Cash provided by financing transactions	26,198	31,392
Investing transactions		
Redemption of temporary investments	66,539	22,398
Purchases of temporary investments	(81,892)	(32,793)
Redemption of portfolio investments	12,333	6,971
Purchases of portfolio investments	(190)	(23,250)
Mortgage payments received	1,157	800
Cash used in investing transactions	(2,053)	(25,874)
Increase (Decrease) in cash	1,471	(23,617)
Cash, beginning of year	12,384	36,001
Cash, end of year	$ 13,855	$ 12,384
Made of:		
Cash	15,734	13,590
Bank indebtedness	(1,879)	(1,206)
	$ 13,855	$ 12,384

The accompanying notes and schedule form an integral part of the consolidated financial statements.

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the Financial Administration Act (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, Part IX of the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-three community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the Government) for the funds required to finance the net cost of their operations and capital acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. GAAP also requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ significantly from those estimates. The more significant management estimates relate to the allowance for impaired mortgages receivable, the amortization on tangible capital assets and related deferred capital fund and the liability for post-employment benefits.

The significant accounting policies are as follows:

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures, change in net financial resources and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty LHOs, via consolidation, which are controlled by the Corporation:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Aklavik Housing Association
Deline Housing Association
Fort McPherson Housing Association
Fort Providence Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority
Fort Smith Housing Authority
Hay River Housing Authority
Inuvik Housing Authority
Lac La Martre Housing Association
Lutsel K'e Housing Authority
Norman Wells Housing Authority
Paulatuk Housing Association
Radilih Koe' Housing Association
Rae Edzo Housing Authority
Sachs Harbour Housing Association
Tsiigehtchic Housing Association
Tuktoyaktuk Housing Association
Tulita Housing Association
Yellowknife Housing Authority

The following three LHOs: Yellowknife Dene Band (Housing Division); Hay River Dene Band Housing Society; and Uluhaktuk Hamlet (Housing Division) have been excluded from the reporting entity since they are considered to be parts of separate levels of government and thus should be excluded from the reporting entity of any other government or government organization.

All significant inter-entity balances and transactions have been eliminated in the preparation of the consolidated statements.

Revenue recognition

The Corporation receives funding from the Government of the Northwest Territories under a contribution agreement. The funding agreement authorizes the Government to recover operating and capital surpluses from the Corporation. The Government has not exercised this right.

Funding provided by the Government for operating purposes is recognized as government funding in the fiscal year when received or receivable.

The portion of the funding provided by the Government for operating purposes used to acquire depreciable tangible capital assets is recorded as deferred capital funding and is recognized as government funding on the same basis as the related tangible capital assets are amortized. The portion of the funding used to acquire non-depreciable tangible capital assets, such as land, is recognized as government funding in the same period the land was acquired.

Funding received from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement (SHA), Affordable Housing Program Agreement and Housing Renovation Program Agreement between CMHC and the Corporation:

- for the operations and maintenance of the various public housing programs is recognized as government funding in the fiscal year in which the related expenses are incurred;
- for the acquisition of public housing is initially recorded as deferred revenue and transferred to deferred capital funding once construction begins and is recognized as government funding on the same basis as the related tangible capital assets are amortized; and
- to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties is recognized as government funding in the fiscal year the assistance is provided.

Rental revenue is recognized on an accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions for public and market housing and homeownership assistance grants

The Corporation provides contributions to the LHOs for their operation of the public housing programs and maintenance of the public housing units. For those three LHOs that are not consolidated, these contributions are recognized based on estimated costs for those controllable expenses incurred by the LHOs and based on actual costs for those non-controllable expenses incurred by the LHOs in the year.

The Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

The grants and contributions provided by the Corporation to eligible homeowners are recognized on an accrual basis based on the terms and conditions of the Corporation's homeownership assistance programs.

Cash

Cash is comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Temporary investments

Temporary investments are comprised of highly liquid Bankers Acceptances with original maturities from the acquisition of 90 days to one year. Temporary investments are valued at the lower of cost and market value as at year-end.

Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the reporting entity and are accounted for using the cost method. These investments are comprised of bonds of the investee and do not include temporary investments.

Investment income is recognized on the accrual basis, premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

Mortgages receivable

a) Mortgage subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recognized in the statement of operations as mortgage subsidies.

Accordingly, the mortgages receivable balance represents the present value of the expected future payments from clients on the mortgages, prior to an allowance for impairment. Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. Based on management's judgment and the Corporation's historical loss experience on impaired mortgages, an allowance of 100% is established to reduce the carrying amount of mortgages identified as impaired to their estimated recoverable value of nil. The allowance for impairment is recognized in the statement of operations and is included in mortgages expense.

When all outstanding payments have been made, a mortgage is considered current and the allowance for impairment is reversed.

Write-offs of impaired mortgages occur after the homeowner and the Corporation have signed the quit claim agreement and the Corporation has obtained the housing unit in exchange for the debt owed.

c) Mortgage interest revenue

Interest income on mortgages is recognized on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases and any previously accrued but unpaid interest revenue is reversed against the mortgage interest revenue. Interest income would be recognized on impaired mortgages only when all charges for impairment have been reversed.

Tangible capital assets

a) Land and buildings

Land and housing units constructed or purchased by the Corporation for public housing, including construction in progress, are recorded at cost. Housing units previously transferred from CMHC or the Government were recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are recorded at cost and included in construction in progress.

Public housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Housing for sale is carried at lower of cost and estimated net realizable value.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service and is taken for the full year. Housing for sale and construction in progress are not amortized.

A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer title to the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Property and equipment

Property and equipment are stated at amortized cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%
Mobile equipment	Declining balance	20%
Leaseholds	Straight-line over term of lease	

Inventories held for use

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

Employee future benefits

a) Pension benefits

Employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is based on a multiple of employee contributions and may fluctuate over time, depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

b) Post-employment benefits

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement, or death of an employee. The cost of these post-employment benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

Obligation under loan guarantees

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

Future accounting changes

PSAB approved Section PS 3260, Liability for Contaminated Sites in March 2010. This new standard requires a government or government organization to recognize a liability for a contaminated site when an environmental standard exists, the contamination exceeds the environmental standard, the government or government organization is directly responsible or accepts responsibility for remediation of the contaminated site, and a reasonable estimate of the amount can be made. The new standard is effective for fiscal years beginning on or after April 1, 2014. Earlier adoption is encouraged.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting changes (continued)

PSAB also approved Section PS 3410, Government Transfers in March 2011 which revises and replaces the existing standard. The new standard requires a recipient to recognize a transfer in revenue when it has been authorized and the recipient has met all eligibility criteria set by the transferor, unless the transfer creates a liability for the recipient. In some cases a liability may exist because the transfer stipulations direct the use of the funds for specific purposes. In other cases, a liability may exist because the transfer stipulations and the actions and communications of the recipient government direct the use of the funds for specific purposes. In both of these cases, revenue would be recognized as the liability is settled. The same accounting principles would apply to all types of transfers. The new standard is effective for fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged and the new standard maybe applied retroactively or prospectively.

Management does not intend to early adopt these new standards.

3. CASH

	2011	2010
Cash	$ 15,734	$ 13,590

Included in cash are security deposits held in trust in the amount of $2,411 (2010 - $1,949).

4. TEMPORARY INVESTMENTS

	2011	2010
Bankers Acceptances	$ 25,781	$ 10,395

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 1.05% to 1.26% in 2011 (2010 - 0.16% to 0.30%). All instruments held are in high quality debt obligations with a weighted average remaining term to maturity of 127 days (2010 - 34 days).

5. PORTFOLIO INVESTMENTS

Issuer	2011 Stated interest rate	2011 Term to maturity	2011 Carrying amount	2010 Carrying amount
Provincial governments	1.99% to 3.95%	1 to 11 years	$ 18,016	$ 22,355
Business Development Bank of Canada	Variable	3 years	1,100	1,100
Canada Mortgage and Housing Corporation	2.96%	5 years	1,609	1,630
Government of Canada	3.23%	8 years	1,056	1,071
Canada Housing Trust No. 1	1.23%	1 year	2,713	10,221
			$ 24,494	$ 36,377

The weighted average effective yield of this portfolio in 2011 was 2.94% (2010 - 2.71%).

6. ACCOUNTS RECEIVABLE

	2011	2010
Trade accounts receivable	$ 4,869	$ 3,133
Tenant rents receivable	1,796	1,694
Receivables from CMHC	1,087	5,399
Receivables from related parties:		
Government of the Northwest Territories	3,860	761
	$ 11,612	$ 10,987

7. MORTGAGES RECEIVABLE

	2011	2010
Corporate loans, repayable in monthly installments at interest rates varying between 4.00% and 7.80%, unsecured, with a term of 5 to 10 years	$ 144	$ 217
Subsidized mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 5.39% and 10.75%, secured by registered charges against real property, with a term over a maximum of 15 years	7,434	7,725
Subsidized loans based on Income Assessment, repayable in monthly installments at interest rates varying between 5.39% and 10.75%, unsecured, with a term over a maximum of 15 years	27,308	28,274
Refinanced mortgages, unsubsidized, repayable in monthly installments at interest rates varying between 5.19% and 8.00%, secured by registered charges against real property, with a term over a maximum of 20 years	483	391
Refinanced loans, unsubsidized, repayable in monthly installments at interest rates varying between 5.19% and 8.00%, unsecured, with a term over a maximum of 20 years	1,827	1,121
Total mortgages receivable	37,196	37,728
Less allowance for mortgage subsidies	(21,327)	(22,444)
Unsubsidized mortgages receivable	15,869	15,284
Less allowance for impaired mortgages	(13,742)	(13,936)
Net mortgages receivable	$ 2,127	$ 1,348

There were three write-offs in the current year (2010 - nil).

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition of the property remaining the principal residence and annual income remaining below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of $9,630 (2010 - $4,704), which are expensed on the statement of operations during the year.

Recoveries from mortgages:

	2011	2010
Cash recoveries from impaired mortgages	$ 683	$ 424
Recoveries from conditional grants	391	978
Recoveries from mortgages revaluation	722	286
Recoveries from mortgages written off	140	-
	$ 1,936	$ 1,688

8. BANK INDEBTEDNESS

	2011	2010
Cheques issued in excess of deposits	$ 1,879	$ 1,206

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011	2010
Trade payables	$ 9,729	$ 11,280
Security deposits	2,411	1,949
Contractors Holdbacks	2,433	2,372
Wages and employee benefits	561	542
Accrued interest	268	294
Prepaid rent	96	82
Payables to related parties:		
Government of the Northwest Territories	1,753	2,197
	$ 17,251	$ 18,716

10. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2011			2010
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2012 to 2038, at interest rates from 5.94% to 19.00% (2010 - 5.94% to 19.00%).	$ 30,896	$ (30,896)	$ -	$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2010 - 6.97%). These loans are guaranteed by the Government.	21,398	(11,888)	9,510	9,917
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68%, (2010 - 0.42% and 3.68%).	4,005	-	4,005	4,216
	$ 56,299	$ (42,784)	$ 13,515	$ 14,133

Under the terms of the 1999 Social Housing Agreement, CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as National Housing Act (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as National Housing Act (NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of $4,722 in 2011 (2010 - $5,178), and would have made additional principal long-term debt repayments to CMHC of $4,071 in 2011 (2010 - $4,575).

The above mortgages and loans payable to CMHC are not secured.

10. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (continued)

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal	Interest	Total
2012	$ 640	$ 805	$ 1,445
2013	678	767	1,445
2014	718	727	1,445
2015	761	684	1,445
2016	806	639	1,445
2017 - 2021	3,857	2,473	6,330
2022 - 2038	6,055	1,690	7,745
	$ 13,515	$ 7,785	$ 21,300

11. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed, in aggregate, to payments of approximately $1,774 per annum for 15 (2010 - 15) lease agreements for housing units that were initiated to support the Public Housing Rent Supplement Programs and three (2010 - three) lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2022. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	Executory costs	Imputed interest	Lease obligation	Future minimum lease payments
2012	$ 423	$ 479	$ 872	$ 1,774
2013	423	395	938	1,756
2014	409	307	974	1,690
2015	346	223	754	1,323
2016	236	172	462	870
2017 - 2023	799	480	1,539	2,818
Total	$ 2,636	$ 2,056	$ 5,539	$ 10,231

The value of the leased housing units which are included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2011 is $11,004 and $7,327 respectively (2010 - $11,004 and $6,646, respectively).

12. RETIREMENT AND POST-EMPLOYMENT BENEFITS

Pension benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan (the Plan). The Plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the Consumer Price Index.

Contributions to the Plan were as follows:

	2011	2010
Employer contributions	$ 1,443	$ 1,167
Employee contributions	709	594

Post-employment benefits

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Liability for leave, severance, and removal benefits is as follows:

	2011	2010
Accrued benefit obligation, beginning of year	$ 3,832	$ 3,379
Costs for the year	1,372	1,559
Benefits paid during the year	(1,168)	(1,106)
Accrued benefit obligation, end of year	$ 4,036	$ 3,832

13. DEFERRED CAPITAL FUNDING

Deferred capital contributions represent the unamortized portion of Government of Northwest Territories and CMHC contributions used to acquire tangible capital assets.

Changes in the deferred capital contributions balances are as follows:

	2011			2010
	Provided by the Government	Provided by CMHC (Note 14)	Total	Total
Balance, beginning of year	$ 133,603	$ 66,315	$ 199,918	$ 178,823
Portion of funding used to acquire tangible capital assets	10,605	17,009	27,614	32,713
Reduction of deferred capital funding	(8,550)	(4,768)	(13,318)	(11,618)
Balance, end of year	$ 135,658	$ 78,556	$ 214,214	$ 199,918

The reduction of deferred capital funding includes the followings:

	2011			2010
	Provided by the Government	Provided by CMHC (Note 14)	Total	Total
Disposal of tangible capital assets	$ (1,468)	$ (1,101)	$ (2,569)	$ (1,339)
Amortization of deferred capital funding	(7,082)	(3,667)	(10,749)	(10,279)
Reduction of deferred capital funding	$ (8,550)	$ (4,768)	$ (13,318)	$ (11,618)

14. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2011	2010
Funding received from CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	$ 12,719	$ 13,307
Contributions to non-profit housing sponsor groups and cooperatives	3,918	3,919
Repairs, maintenance and other costs	7,890	2,012
Housing Renovation Program Agreement	490	490
Affordable Housing Agreement Extension	-	2,700
	$ 25,017	$ 22,428

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

The Housing Renovation Program Agreement with CMHC establishes a structure for cost-shared programs that provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties. CMHC contributes up to 75% of the funding for eligible repairs.

On May 22, 2009, under Canada's Economic Action Plan (CEAP), CMHC and the Corporation signed an amendment to the Affordable Housing Initiative (AHI) Program Agreement and an extension to the Housing Renovation Program Agreement to build new affordable housing and assist low-income households with needed renovations to their homes. The total funding under the amendment and extension is $58,980 for a term of 2009 to 2011.

Under CEAP, funding from CMHC used to acquire or renovate public housing units is recorded as deferred capital funding and is amortized on the same basis as the related tangible capital assets. Funding used for minor repairs to public housing units and related administration costs is recorded as funding from CMHC, included in repairs, maintenance and other costs in the above table. Funding that was not spent at year end is recorded as deferred revenue. Consistent with the Economic Stimulus component of the AHI agreement, commitments were in place for the deferred revenue at March 31, 2011 and construction started by June 30, 2011.

	2011	2010	Total
Deferred capital funding	$ 17,009	$ 24,760	$ 41,769
Minor repairs projects	6,615	3,357	9,972
Projects committed but deferred to next year	7,239	2,703	9,942
Amount carried over from prior year	(2,703)	-	(2,703)
Funding received under Canada's Economic Action Plan	$ 28,160	$ 30,820	$ 58,980

15. ADMINISTRATION EXPENSES

	2011	2010
Salaries and benefits	$ 24,531	$ 24,377
Building and equipment rentals	1,733	1,720
Professional and special services	954	1,093
LHO administration	804	1,227
Travel and relocation	708	614
Computer services	415	464
Communications	218	252
Materials and supplies	231	324
Workshops and studies	102	132
	$ 29,696	$ 30,203

16. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Portfolio investments	$ 24,494	$ 24,751	$ 36,377	$ 36,101
Loans payable to CMHC	9,510	11,470	9,917	11,852
Mortgages payable to CMHC	4,005	3,689	4,216	3,357

The fair values of the portfolio investments are their market values at March 31.

The fair value of loans and mortgages payable to CMHC is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of the mortgages receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair values of the cash, temporary investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of the short term to maturity.

17. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments as follows. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the 2012 contractual obligations are construction commitments of $8,937 (2011 - $8,769).

	Total
2012	$ 15,699
2013	5,794
2014	3,823
2015	1,349
2016	571
After	5,221
Total	$ 32,457

18. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of $30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2011 a total of 37 (2010 - 37) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $5,452 (2010 - $5,946). Nine of these loans guaranteed with a total outstanding balance of $3,754 (2010 - $3,751) are secured by registered charges against real property.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2011 was $27,529 (2010 - $29,365).

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2011 is nil (2010 - nil).

19. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

21. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule A

Consolidated Schedule of Tangible Capital Assets
March 31, 2011
(all figures in thousands)

	Cost				Accumulated amortization				Net book value	
	Opening balance	Acquisitions	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2011	2010
Land and buildings:										
Land	$ 3,995	$ 595	$ (121)	$ 4,469	$ -	$ -	$ -	$ -	$ 4,469	$ 3,995
Public housing	312,166	29,418	(4,712)	336,872	119,671	11,469	(2,143)	128,997	207,875	192,495
Houses for sale	1,128	-	(123)	1,005	-	-	-	-	1,005	1,128
Construction in progress	17,623	(2,630)	-	14,993	-	-	-	-	14,993	17,623
Sub-total	334,912	27,383	(4,956)	357,339	119,671	11,469	(2,143)	128,997	228,342	215,241
Property and equipment:										
Warehouses and offices	8,261	591	-	8,852	3,604	262	-	3,866	4,986	4,657
Office furniture and equipment	5,102	108	-	5,210	4,388	164	-	4,552	658	714
Mobile equipment	690	400	-	1,090	243	201	-	444	646	447
Leaseholds	728	-	-	728	570	42	-	612	116	158
Sub-total	14,781	1,099	-	15,880	8,805	669	-	9,474	6,406	5,976
Total	$ 349,693	$ 28,482	$ (4,956)	$ 373,219	$ 128,476	$ 12,138	$ (2,143)	$ 138,471	$ 234,748	$ 221,217

TABLED DOCUMENT 42-17(3)
TABLED ON JUNE 14, 2012